

Attorneys for KAUAI ISLAND UTILITY
COOPERATIVE

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

----- In the Matter of -----

PUBLIC UTILITIES COMMISSION

Instituting a Proceeding to Investigate Competitive
Bidding for New Generating Capacity in Hawaii.

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Docket No. 03-0372

KAUAI ISLAND UTILITY COOPERATIVE'S RESPONSES TO
HECO/HELCO/MECO
FINAL STATEMENT OF POSITION INFORMATION REQUESTS

COMES NOW, KAUAI ISLAND UTILITY COOPERATIVE, by and through its
attorneys Morihara Lau & Fong LLP, hereby submit its Responses to the
HECO/HELCO/MECO's Final Statement of Position Information Requests.

DATED: Honolulu, Hawai'i, November 22, 2005.



KENT D. MORIHARA
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Attorneys for KAUAI ISLAND UTILITY
COOPERATIVE

**KAUAI ISLAND UTILITY COOPERATIVE'S RESPONSES TO
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FINAL STATEMENT OF POSITION INFORMATION REQUESTS
DOCKET NO. 03-0372**

HECO/KIUC-FIR-1 Ref: KIUC Final SOP, pages 3 and 4.

KIUC indicated that in 1995 it used a competitive bidding process to secure a purchase power agreement with Kauai Power Partners for a 26.4 MW electric generating facility. KIUC further states that it intends to continue to use a competitive bidding process for its next generation addition(s).

- a. Did KIUC (Kauai Electric ["KE"] at the time) submit its own bid in response to the 1995 solicitation?

RESPONSE: **No, it did not.**

- b. If the answer to part a is 'yes,' did KE both bid and evaluate the bids in 1995?

RESPONSE: **Not applicable. See the response to part a. above.**

- c. If the answer to part b is 'yes,' what role did the Commission play in ensuring a fair process?

RESPONSE: **Not applicable. See the response to part a. above.**

- d. Does KIUC plan to submit its own bid in response to future solicitations for capacity and/or energy on its system?

RESPONSE: **In general, no. KIUC is a very small electric utility and does not have the staff or expertise, on its own, to develop and build large capital projects such as new electric generators. As such, it makes much more sense for KIUC to specify**

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HECO/KIUC-FIR-1 (cont.) generation requirements in an RFP and then allow third parties to provide bids that KIUC will evaluate per established criteria mentioned in the RFP. See page 4 of KIUC's Final Statement of Position. However, because of the availability of low cost financing to KIUC due to its electric cooperative status, there may be times when KIUC would consider partnering on a given project, if KIUC believes that lower overall costs could be achieved through KIUC's involvement. In that case, the RFP would state this possibility and request that, if the bidder is interested in exploring the possibility of such a partnership, the bidder submit a bid reflecting both the involvement and non-involvement of KIUC.

- e. If a competitive bidding system will allow a utility to both bid and evaluate the bids, does KIUC believe that the Commission should establish a framework or guidelines such that the Commission's role is defined and that the process is fair?

RESPONSE:

KIUC would not be opposed to the establishment of a framework or guidelines. However, as mentioned in its response to PUC-IR-26, KIUC is concerned that a set of Statewide guidelines may inadequately address the inherent

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HECO/KIUC-FIR-1 (cont.) aspects associated with a member-owned cooperative. In addition, KIUC believes that each utility should be allowed to design its own competitive bidding process subject to Commission approval. However, if it were determined that a specific set of Statewide guidelines or framework should be established, KIUC believes that these guidelines should remain general or at least flexible enough to both (1) allow each utility to establish its own competitive bidding process, and (2) account for the differences between an electric cooperative such as KIUC and an investor-owned utility.

SPONSOR:

**Joe M^cCawley
Tim Blume**

CERTIFICATE OF SERVICE

I (we) hereby certify that copies of the foregoing document were duly served on the following parties, by having said copies delivered as set forth below:

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